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Citicorp North America, Inc.

450 Mamaroneck Avenue
Harrison, NY 10528

RECORDATION NO. 23862 FILED

FEB 13 '02

4-11 PM

SURFACE TRANSPORTATION BOARD



February 8, 2002

Surface Transportation Board
1925 K Street, NW
Washington, DC 20423

Attention: Secretary

Re: Interstate Power and Light

Dear Sir or Madam:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are one (1) original copy and one (1) certified true copy of the Master Leasing Agreement, dated as of January 18, 2002, by and between BLC Corporation of Harrison, New York, as Lessor and Interstate Power and Light Company, as Lessee, a primary document, as defined in the Board's Rules for Recordation Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: BLC Corporation
450 Mamaroneck Avenue
4th Floor, Zone 2
Harrison, NY 10528

Lessee: Interstate Power and Light Company
222 West Washington Avenue
Madison, Wisconsin 53701-0192

A description of the railroad equipment covered by the enclosed document is:

Sixty (60) 4300 cubic feet capacity Rotary Aluminum Autoflood II railcars, manufactured by Johnstown America Corporation as referenced in Schedule A to said Master Leasing Agreement.

A short summary of the document to appear in the index follows:

Master Leasing Agreement dated as of January 18, 2002 between BLC Corporation, as Lessor and Interstate Power and Light Company, as Lessee, covering sixty (60) 4300 cubic feet capacity Rotary Aluminum Autoflood II railcars, manufactured by Johnstown America Corporation as referenced in Schedule A to said Master Leasing Agreement.

A member of **citicgroup**

February 8, 2002

Also, enclosed please find a check in the sum of \$28.00 payable to the order of the Surface Transportation Board to cover the required recordation fee.

Please kindly return stamped copies of the enclosed documents to the undersigned at the above-listed address.

Very truly yours,



Andrea Miranda
Manager/Paralegal
Contract Services

Enclosures

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CERTIFICATE

SURFACE TRANSPORTATION BOARD

I, Edward S. Mundy, Vice President of BLC Corporation, hereby certify that the attached is a true and correct copy of the Master Leasing Agreement, dated as of January 18, 2002, between BLC Corporation, as Lessor, and Interstate Power and Light Company, as Lessee.

By


Edward S. Mundy
Vice President

Date: February 8, 2002

Subscribed and sworn to before
me this 8th day of February, 2002.


Notary Public

ANDREA L. REHAK
Notary Public, State of New York
No. 01RE6007999
Qualified in Westchester County
Commission Expires June 1, 2002

RECORDATION NO. 23862 FILED

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SURFACE TRANSPORTATION BOARD

MASTER LEASING AGREEMENT

Dated as of January 18, 2002

Between

BLC Corporation,

as Lessor

and

Interstate Power and Light Company

as Lessee

MASTER LEASING AGREEMENT

Master Leasing Agreement, dated as of January 18, 2002, by and between BLC Corporation of Harrison, New York (herein called "Lessor") and Interstate Power and Light Company (herein called "Lessee").

In consideration of the mutual covenants hereinafter contained, Lessor and Lessee agree as follows:

1. Definitions. As herein used:

(a) "Acquisition Cost" of Equipment is an amount equal to the sum of (A) the vendor's delivered price, dealer's delivery and handling charges, the cost of any original equipment which may be added, excise tax on the Equipment, any sales and use taxes, expenses of installation and freight, and other expenses required to effect delivery of the Equipment to Lessee, less purchase discounts obtained plus (B) any Interim Rent or Component Interim Rent which shall be capitalized pursuant to the provisions of Subsection 22 (e) hereof.

(b) The "Aggregate Amortization" of any Equipment is an amount equal to the sum total of the Monthly Amortization Figures for each of the months for which Rent for the Equipment has been paid.

(c) The "Base Amount" means, as to any Equipment sold one (1) year from the last day of the month in which its lease term commences, the Acquisition Cost of such Equipment and as to any Equipment sold more than one (1) year after the last day of the month in which its lease term commences, the Unamortized Value of such Equipment at the termination of its lease term.

(d) "Basic Term" shall mean as to any item of Equipment the amortization period for such Equipment, selected by Lessee and approved by Lessor, as stated in the applicable Individual Leasing Record; provided that such Basic Term for the Railroad Equipment listed in Section 1(f)(i) shall not exceed 84 months.

In determining the Basic Term of any item of Equipment, the anticipated useful life of such Equipment as it will be used by Lessee shall be determinative, and upon request, Lessee will furnish Lessor with information with respect thereto.

(e) (1) "Contingent Rent" shall mean the amount by which the proceeds of sale of any unit of Equipment pursuant to Section 10 of this Master Leasing Agreement are less than they would have been because of abuse, damage, extraordinary wear and tear or excessive usage or because the Equipment has not been maintained in accordance with the provisions of Sections

6 and 7 hereof. In the event Lessor and Lessee cannot agree on the amount of Contingent Rent due, if any, they shall appoint a qualified independent appraiser to determine the amount and his decision shall be final; and, if the parties are unable to agree on a single qualified independent appraiser, each shall appoint one qualified independent appraiser and the two so appointed shall, if they are unable to agree on the amount of Contingent Rent, jointly name a third, in which event the decisions of a majority of the appraisers as to the amount of Contingent Rent shall be final. All fees and expenses of the appraiser(s) shall be borne by Lessee.

(2) If the sale proceeds of any unit of Equipment transmitted to Lessor are less than the Unguaranteed Residual, Lessee shall, in addition, be obligated to pay, and shall pay to Lessor, the amount (if any) of Contingent Rent with respect to such Equipment as is then determined in accordance with subsection 1(e)(1), provided, however, that the amount of any Contingent Rent will not be greater than the amount by which the Unguaranteed Residual exceeds such proceeds of sale.

(f) "Equipment" means the following types of property owned or to be owned by Lessor and leased by Lessor to Lessee or ordered by Lessor for lease to Lessee as provided herein:

(i) 60 4300 cubic feet capacity Rotary Aluminum Autoflood II railcars, manufactured by Johnstown America Corporation as further described in Schedule A attached hereto ("Railroad Equipment"); and

(ii) any other property mutually agreed upon by Lessor and Lessee as evidenced by a fully executed Individual Leasing Record documenting such property as Equipment to be leased hereunder.

(g) "Expected Residual" with respect to the Railroad Equipment described in 1(f)(i) above at the end of the Basic Term and each Extended Term shall be the amount shown in Schedule A hereto. The execution of an Individual Leasing Record shall represent the agreement of Lessor and Lessee that the Expected Residual stated therein is not greater than a reasonable estimate of the expected fair market value for such Equipment at the end of the applicable Basic Term.

(h) "Extended Term" shall have the meaning specified in Section 17(b) hereof.

(i) "Individual Leasing Record" is a record with respect to Equipment dated the date of the delivery of the Equipment to Lessee and setting forth a full description of the Equipment, its Acquisition Cost, the location and such other details as the parties may desire. As between Lessor and Lessee, the signature of Lessee on an Individual Leasing Record shall constitute acknowledgement by Lessee that the Equipment has been delivered in good condition and accepted for lease by Lessee as of the date of the Individual Leasing Record. The Individual

Leasing Record shall contain a short form of lease to be executed by each of the parties reading substantially as follows:

"The undersigned Lessor hereby leases to the undersigned Lessee, and, as between Lessor and Lessee, Lessee acknowledges delivery to it in good condition of, the Equipment described above. The covenants, terms and conditions of this lease are those appearing in a Master Leasing Agreement between the undersigned Lessor and Lessee dated January 18, 2002, which covenants, terms and conditions are hereby incorporated by reference."

(j) "Interim Rent" for any Equipment for any partial first month during the term of the lease of such Equipment shall be the product of:

- (1) The Acquisition Cost of the Equipment, multiplied by
- (2) a fraction having a numerator equal to the number of days remaining in such partial month and a denominator of 360, multiplied by
- (3) the applicable percentage provided in paragraph 1(m)(3).

(k) "Monthly Amortization Figure" for any Equipment for each full month during the Basic Term or any of the first three (3) Extended Terms for such Equipment is an amount calculated by multiplying (i) the Acquisition Cost of the Equipment by (ii) the monthly amortization percentage for such month as set forth in Schedule A hereto.

Monthly amortization shall be taken at the close of business of the last day of each full month of the lease of the Equipment, and paid as set forth in Section 2, until the Unamortized Value of the Equipment has reached zero and no monthly amortization shall be charged to Lessee thereafter.

(l) "Permitted Liens" means (i) any rights in favor of Lessee (and any permitted sublessee) and Lessor pursuant to the Master Leasing or any Individual Leasing Record or Component Individual Leasing Record; (ii) materialmen's, mechanics', workers', artisan's, repairmen's, employees', or other like liens securing payment of the price of goods or services rendered in the ordinary course business for amounts the payment of which is not overdue or is being contested in good faith; (iii) any lien solely attributable to Lessor or any person claiming by, through or under Lessor; (iv) liens for current taxes which are not delinquent or the validity of which is being contested in good faith; (v) liens arising out of any judgment or award against Lessee (or any sublessee permitted pursuant to the terms of the Master Leasing Agreement) with respect to which an appeal or proceeding for review is being presented in good faith and with respect to which there shall have been secured a stay of execution pending such appeal or

proceeding for review; and (vi) salvage rights of insurers under insurance policies maintained pursuant to the Master Leasing Agreement.

(m) "Rent" for any Equipment for any full month during the term of the lease of such Equipment will be the sum of the Monthly Amortization Figure for such Equipment, plus Contingent Rent for such Equipment (if any), plus an amount computed by multiplying the following:

(1) The Unamortized Value of such Equipment on the first day of such month,
by

(2) A fraction having a numerator equal to the number of days in such month and a denominator of 360, by

(3) a percentage (the "Percentage Rental Factor") equal to the sum of 1.10% plus an amount obtained by dividing (i) the rate per annum at which deposits in U.S. dollars are published (reserve-adjusted BBA) on the Telerate page 3750 for a period equal to one month, as quoted at 11:00 a.m. (London time) two Business Days (as such term is defined in Section 5 hereof) prior to the first (1st) day of the current month, by (ii) a percentage equal to 100% minus the Reserve Percentage for such one-month period (the "Libor Rate").

(n) "Reserve Percentage" shall mean the reserve percentage applicable during such month under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City that Citibank, N. A. is required to maintain with respect to liabilities or assets consisting of or including Eurocurrency liabilities, having a term equal to one (1) month.

(o) "UCC" shall mean the Uniform Commercial Code including, if applicable, the provisions of the Uniform Personal Property Leasing Act as adopted in the applicable state.

(p) "Unamortized Value" of Equipment is the Acquisition Cost of the Equipment less its Aggregate Amortization.

(q) "Unguaranteed Residual" shall mean 13% of the Base Amount for any unit of Equipment.

2. Agreement for Lease of Equipment; Unconditional Obligation. (a) Subject to the terms and conditions of this Master Leasing Agreement and upon execution and delivery by the Lessor and the Lessee of an Individual Leasing Record evidencing the mutual agreement of the parties hereto with respect to the lease of specific units of Equipment, Lessor shall lease to

Lessee such units of Equipment as set forth in such Individual Leasing Record. No Individual Leasing Record shall be effective and Lessor shall have no obligation to lease any particular unit of equipment hereunder unless and until such applicable Individual Leasing Record is executed by Lessor and in no event shall the Lessee execute and deliver to Lessor an Individual Leasing Record which, if executed and funded by Lessor, would result in the aggregate Unamortized Value of Equipment leased by Lessor to Lessee hereunder exceeding \$3,400,000.00. Lessor and Lessee hereby declare that this Master Leasing Agreement is, and is intended to be, an agreement to lease, and that every Individual Leasing Record executed by the parties pursuant to this Master Leasing Agreement is a lease. Lessor has or will have title to and will be the owner of the Equipment to be leased, and Lessee does not hereby acquire any right, equity, title or interest in the Equipment, except the right, as Lessee, to use the same under the terms hereof. If this Lease is deemed at any time to be one intended as security, Lessee agrees that the Equipment shall secure all amounts owed by Lessee to Lessor as set forth herein. The parties further intend the transactions contemplated hereby to be, and agree to treat this Master Leasing Agreement and any Individual Leasing Record executed pursuant to this Master Leasing Agreement as, a lease for accounting, commercial law and regulatory purposes and as a financing arrangement for tax purposes.

To the extent that the transactions contemplated by this Master Leasing Agreement are not treated for tax and accounting purposes consistent with the intent of the parties as stated in the preceding paragraph, then upon Lessee's request and at Lessee's expense, Lessor will reasonably cooperate with Lessee to restructure the transactions, provided that such restructuring does not, in the sole discretion of Lessor, adversely affect any of its rights or interests in the transaction or cause Lessor to incur additional liability or risk.

(b) LESSEE HEREBY CONFIRMS THAT THIS MASTER LEASING AGREEMENT CANNOT BE CANCELED OR TERMINATED, EXCEPT AS EXPRESSLY PROVIDED HEREIN, AND THAT LESSEE'S OBLIGATION TO PAY RENT, INTERIM RENT AND ANY OTHER AMOUNTS DUE HEREUNDER ARE ABSOLUTE AND UNCONDITIONAL UNDER ANY AND ALL CIRCUMSTANCES AND SHALL BE PAID WITHOUT NOTICE OR DEMAND AND WITHOUT ANY ABATEMENT, REDUCTION, DIMINUTION, SET OFF, DEFENSE, COUNTERCLAIM OR RECOUPMENT DUE OR ALLEGED TO BE DUE TO, OR BY REASON OF, ANY PAST, PRESENT OR FUTURE CLAIMS WHICH LESSEE MAY HAVE AGAINST LESSOR, ANY VENDOR OR MANUFACTURER OF THE EQUIPMENT OR ANY PART THEREOF, OR ANY OTHER PERSON OR ANY REASON WHATSOEVER; PROVIDED THAT THE FOREGOING SHALL NOT, IN ANY RESPECT, AFFECT ANY SEPARATE CLAIM LESSEE MAY ASSERT AGAINST LESSOR OR ANY OTHER PERSON FOR DAMAGES.

(c) Lessor hereby covenants that, as long as no event of default is continuing hereunder, Lessee shall be entitled to the uninterrupted use and quiet enjoyment of the Equipment on the terms and conditions herein provided.

3. Delivery. Except for its gross negligence or willful misconduct in respect thereof, Lessor shall not be liable to Lessee for any failure or delay in obtaining Equipment or making delivery thereof. Upon delivery of Equipment to Lessee and receipt by Lessor of vendor's invoice approved by Lessee together with an Individual Leasing Record with respect to the Equipment, mutually acceptable to Lessee and Lessor, duly executed by Lessee and, if requested by Lessor, appropriate title papers for such Equipment, Lessor shall, subject to the provisions of this Master Leasing Agreement, execute such Individual Leasing Record and remit to the vendor or, at the request of Lessee, shall remit directly to the Lessee a check for the total of the vendor's invoice for such Equipment, provided that the total amount paid to the vendor by Lessor shall not exceed the Acquisition Cost of the Equipment. If the amount paid to the vendor by Lessor is less than the Acquisition Cost of the Equipment, to the extent that delivery costs or cost of additions to the Equipment have been met by Lessee, and do not exceed the Acquisition Cost, Lessor shall reimburse Lessee to the extent of such payment made by Lessee up to the amount of the Acquisition Cost.

4. Lease Term. The lease hereunder of Equipment shall be effective from the date of delivery of such Equipment and the Individual Leasing Record shall be dated such date. The lease term for each unit of Equipment shall be for a period beginning with the effective date thereof and ending one (1) year from the last day of the month in which the effective date of the lease occurs. At the end of such one (1) year period and thereafter, the lease term shall be extended from month to month until terminated, as provided in Sections 10, 11, 14, 15, 16 or 17 hereof. Notwithstanding the foregoing, the provisions of Section 9 and the first sentence of Section 11 of this Master Leasing Agreement shall apply as between Lessor and Lessee with respect to any Equipment from the time the Equipment is ordered by Lessor pursuant to a request from Lessee.

5. Rent. Lessee shall pay Rent and Interim Rent monthly in arrears on the 25th day of the current month. If Lessor shall not receive payment of Rent or Interim Rent when due hereunder, Lessee shall pay a late payment charge to Lessor on such late payment at a rate equal to the Percentage Rental Factor (as provided in Section 1(m)(3)) plus 2% per annum (but in no event shall such rate be greater than that rate permitted by applicable law) for the period during which such late payment remains due and unpaid. Invoices from Lessor shall be rendered promptly within a reasonable period of time after the Rent and Interim Rent can be determined, as close to such payment date as possible covering the computation of Rent and Interim Rent and other payments due hereunder for the month, adjustments to the preceding month's Rent and Interim Rent resulting from commencement or termination of the lease of any Equipment during such month and other appropriate items, if any. All payments of Rent and Interim Rent and all other payments made by Lessee to Lessor pursuant to this Master Leasing Agreement shall be paid to Lessor in lawful money of the United States in immediately available funds by wire transfer to Lessor's Account No. 3846-9701 at Citibank, N.A., 399 Park Avenue, New York, New York 10043 or such other account that Lessor may designate in writing. If the date for the payment or determination of Rent and Interim Rent shall not occur on a day when banks in (x)

New York, New York and London, England, in the case of determination, or (y) New York, in the case of payment, are generally open for business (a "Business Day"). such payment shall be due and such determination shall be made on the immediately preceding Business Day on which such banks are generally open for business.

6. Use of Equipment. (a) Lessor and Lessee hereby acknowledge and agree that the Equipment leased hereunder shall at all times be the sole and exclusive property of Lessor, and Lessee shall have no right, title or property interest therein but only the right to use the same as herein provided. So long as Lessee is not in default in any obligation to Lessor, Lessee may use the Equipment in the regular course of its business or the business of any subsidiary or affiliate of Lessee and may permit others to use same for any lawful purpose. Such use shall be confined to the United States except that occasional use of the Railroad Equipment by the Lessee in Canada shall be permitted. Lessee shall obtain Lessor's prior written consent, which consent shall not be unreasonably withheld, prior to the use of the Railroad Equipment in Canada on a long term basis. Lessee shall promptly and duly execute, deliver, file and record all such documents, statements, filings and registrations, and take such further action as Lessor shall from time to time reasonably request in order to establish, perfect and maintain Lessor's title to and interest in the Equipment as against Lessee or any third party. Lessee shall notify Lessor in writing of any change in the principal location of any unit of Equipment, of any change in the primary business address of Lessee in any particular jurisdiction or of any change in the legal name or business structure of the Lessee. Notwithstanding the foregoing, no change of location of any unit of Equipment shall be undertaken unless and until all such legal requirements shall have been met or obtained. At least once a year, or more frequently, if Lessor reasonably so requests, Lessee shall advise Lessor in writing where all Equipment leased hereunder as of such date is principally located. Lessee shall not, without the prior written consent of Lessor, use the Railroad Equipment for any purpose other than transporting coal, coal by-products and petroleum coke provided, however that Lessee shall not load petroleum coke or allow petroleum coke to be loaded into the Railroad Equipment until such petroleum coke has cooled and Lessee shall not use any Equipment or allow the same to be used for any unlawful purpose and shall not use or allow the Railroad Equipment to be used for the transportation of any other corrosive or toxic materials. Lessee shall use every reasonable precaution to prevent loss or damage to Equipment and to prevent injury to third persons or property of third persons. Lessee shall cooperate fully with all reasonable requests of Lessor and all insurance companies providing insurance under Section 8 hereof in the investigation and defense of any claims and suits. Lessee shall comply and shall cause all persons operating Equipment to comply in all material respects with all insurance policy conditions and with all statutes, decrees, ordinances and regulations regarding acquiring, titling, leasing, insuring, using, operating, and disposing of Equipment, including all local, state and federal environmental laws and regulations of whatever kind which relate in any way to the use of the Equipment, and the licensing of operators thereof. Lessor or any authorized representative of Lessor may during reasonable business hours from time to time inspect Equipment wherever the same is located. Lessee upon written request from Lessor, or if necessary or advisable under applicable law, shall attach to each unit of Equipment in a place designated by Lessor (or if no such place has been designated, in a prominent place), a sign,

stencil, plaque, or legend disclosing the ownership of Lessor and the interest of any mortgagee in the Equipment.

(b) Lessor shall have the right to make any security filings necessary or desirable to protect its interest in and to perfect a precautionary first priority security interest in the Equipment (including any Equipment which may be deemed a fixture), including, but not limited to, UCC personal property filings, and shall have the right to make UCC personal property filings without the Lessee's signature where authorized by law. Lessee shall cooperate with any reasonable request of Lessor and shall pay all costs and expenses incurred by Lessor in completing and making all such filings.

(c) LESSEE SHALL NOT WITHOUT PRIOR WRITTEN CONSENT OF LESSOR (SUCH CONSENT NOT TO BE UNREASONABLY WITHHELD) ASSIGN ANY RIGHT OR INTEREST HEREIN OR IN ANY EQUIPMENT NOR PERMIT, OR SUFFER TO EXIST, ANY LIEN OR ENCUMBRANCE OTHER THAN PERMITTED LIENS AND THOSE PLACED THEREON BY OR SOLELY ATTRIBUTABLE TO LESSOR OR BY OR SOLELY ATTRIBUTABLE TO PERSONS CLAIMING ONLY AGAINST LESSOR AND NOT AGAINST LESSEE, PROVIDED, HOWEVER, THAT LESSEE MAY ASSIGN EQUIPMENT TO ANY PUBLIC UTILITY COMPANY SUBSIDIARY OR AFFILIATE OF LESSEE, OR TO ANY CONTRACTOR FOR USE IN PERFORMING WORK FOR LESSEE. NOTWITHSTANDING ANY OF THE FORGOING, LESSEE MAY, WITHOUT THE CONSENT OF LESSOR, SUBLET ANY EQUIPMENT TO ANY PERSON IN THE ORDINARY COURSE OF ITS BUSINESS, PROVIDED THAT SUCH SUBLETTING SHALL IN NO WAY AFFECT THE OBLIGATIONS OF LESSEE HEREUNDER, OR THE RIGHTS OF LESSOR HEREUNDER. THE RIGHTS OF THE LESSEE TO ASSIGN ITS INTEREST AS LESSEE HEREUNDER, AS DESCRIBED IN SECTION 303 OF THE LEASING ARTICLE OF THE UCC, TO THE EXTENT APPLICABLE, ARE HEREBY WAIVED BY LESSEE.

(d) Lessee shall, at all times, use and maintain the Equipment in a manner that complies in all material respects with any and all federal, state and local environmental laws and regulations, and shall advise Lessor in the event of any material violation of such laws or regulations which relate in any way to the Equipment. Lessor shall have the right to require an environmental audit or inspection of the Equipment if, in Lessor's sole discretion, such audit or inspection is necessary or reasonably desirable under federal, state or local laws or regulations, except to the extent the application of such laws or regulations are being contested by Lessee in good faith. The cost of any such audit or inspection, and the cost of any remedial action which must be performed pursuant to such laws or regulations following any such audit or inspection, shall be for the account of the Lessee.

(e) The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Surface Transportation Board (the "STB") and, to the extent applicable,

the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads ("AAR") as the same may be in effect from time to time (the "Interchange Rules") with respect to the use and maintenance of each unit of Railroad Equipment subject to this Master Leasing Agreement. Lessee agrees to maintain and keep the Railroad Equipment in condition suitable for use in interchange in accordance with the Interchange Rules. In case any Railroad Equipment or appliance is required to be altered, added, replaced or modified on any Railroad Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title thereto shall be immediately vested in the Lessor; provided, however, that (i) Lessee may, in good faith and by appropriate legal proceedings, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not in the opinion of the Lessor adversely affect the property rights, or interests of the Lessor in the Railroad Equipment hereunder and (ii) Lessor agrees to use its reasonable efforts to provide financing to the Lessee to reimburse Lessee for any costs and expenses related to such alteration.

7. Improvements and Repair of Equipment. Lessee shall pay all costs, expenses, fees and charges incurred in connection with the use and operation of Equipment during the lease thereof. Lessee shall at all times, at its own expense, keep Equipment in good condition and repair, and in good and efficient working order, ordinary wear and tear excepted. This provision shall apply regardless of the cause of damage and all risks with respect thereto are assumed by Lessee. At its own expense, Lessee shall supply and replace all parts to the Equipment and shall supply the necessary power and other items required in the operation of the Equipment. Lessee will maintain the Equipment under an internal or external maintenance program equivalent to existing industry standards. All improvements and additions to any of the Equipment shall become and remain the property of Lessor, except that any improvements or additions for which Lessor has not made a payment under Section 3 of this Master Leasing Agreement, which constitute severable improvements and which when attached to or removed from the Equipment will not materially diminish the value or usefulness of such Equipment (disregarding, in the case of removal, any increase in value or usefulness due to attaching such modification), shall become and remain the property of Lessee. Any improvements funded by Lessor shall be added to the then Unamortized Value of the original Equipment and Lessor and Lessee shall mutually agree on a new Amortization Period and Expected Residual Value.

8. Insurance. Lessee shall, at its own expense, with respect to Equipment maintain insurance insuring the respective interests of Lessor and Lessee and covering (i) physical damage to Equipment and (ii) liability for personal injury, death and property damage resulting from the operation, ownership, use and possession of Equipment. Policies covering physical damage risks shall be in an amount not less than the Unamortized Value of Equipment. Lessee shall maintain third-party liability insurance covering personal injury, death and property damage liability as a result of one accident in the same amount as that insurance coverage maintained by Lessee with respect to Lessee's other owned or leased equipment of the same types as the Equipment leased hereunder, but in no event shall such coverage be less than \$25,000,000. All policies covering physical damage risks and all third party liability insurance required hereunder

shall be subject to the same self-insured retention or deductible amounts as are applicable to Lessee's other owned or leased equipment of the same types as the Equipment leased hereunder; provided, however, that if any such self-insured retention amount is greater than \$5,000,000, Lessee may self-insure only such portions of the foregoing coverage as Lessor may approve in writing. Lessor and its direct affiliates shall be named as additional insureds as their interests may appear in all insurance policies required under this Section and named as loss payee with respect to physical damage insurance. Lessee shall provide thirty (30) days' written notice to Lessor of any cancellation or material alteration of such policies. Lessee shall furnish Lessor certificates or other evidence reasonably satisfactory to Lessor of compliance by Lessee with the provisions hereof, but Lessor shall be under no duty to examine such certificates or to advise Lessee in the event its insurance is not in compliance herewith. Lessee covenants that it will not use or operate or permit the use or operation of any Equipment at any time when the insurance required by this Section is not in force with respect to such Equipment. Lessee's obligation to maintain insurance or cause insurance to be maintained with respect to any Equipment shall commence on the actual day of delivery of the Equipment and shall continue until the Equipment is sold or the lease of the Equipment terminates, whichever is later.

9. Indemnity.

(a) Lessee agrees to indemnify and hold harmless Lessor, any employee of Lessor and any parent, subsidiary or affiliate of Lessor (an "Indemnatee") against any and all claims, demands and liabilities of whatsoever nature (including all negligence, tort and strict liability claims), judgments, suits and all legal proceedings, and all costs and expenses (including litigation expenses) ("Claims") relating to or in any way arising out of:

(i) the selection, manufacture, purchase, acceptance, ownership, ordering, delivery, non-delivery, acquisition, making of payments (by electronic transfer, check or other means), rejection, installation, possession, leasing, use, non-use, misuse, operation, condition, servicing, maintenance, transportation, repair, improvement, alteration, replacement, storage, control or disposition of Equipment leased or requested by Lessee to be leased hereunder, except to the extent that such costs are included in the Acquisition Cost of such Equipment within the dollar limit provided in Section 2 hereof (or within any change of such limit agreed to in writing by Lessor and Lessee) and except for any general administrative or overhead expenses of Lessor;

(ii) all recording and filing fees, stamp taxes and like expenses with respect to security filings on the Equipment incurred by Lessor or its agent;

(iii) all costs, charges, damages or expenses for royalties and claims and expenses arising out of or necessitated by the assertion of any claim or demand based upon any infringement or alleged infringement of any patent or other right, by or in respect of any Equipment, provided, however, that Lessor will to the extent permissible assign to Lessee Lessor's rights under any similar indemnification arising by contract or

operation of law from the manufacturer of Equipment (and if not assignable, Lessor shall directly exercise its rights to indemnification against such manufacturer for the benefit of Lessee);

(iv) all federal, state, county, municipal, foreign or other fees and taxes of whatsoever nature, including but not limited to license, qualification, franchise, sales, use, gross receipts, ad valorem, business, property (real or personal), excise, motor vehicle, and occupation fees and taxes, and penalties and interest thereon, whether assessed, levied against or payable by Lessor or otherwise, with respect to Equipment or the acquisition, purchase, sale, rental, use, operation, control, ownership or disposition of Equipment or measured in any way by the value thereof or by the business of, investment in, or ownership by Lessor with respect thereto, excepting (i) net income taxes on the net income of Lessor, (ii) any taxes or increase in taxes resulting from or that would not have been imposed but for a transfer or other disposition by the Lessor of its interest in the Equipment, other than during an Event of Default, (iii) any taxes or increase in taxes resulting from, or that would not have been imposed but for the gross negligence or willful misconduct of the Lessor and (iv) any excise, sales or use taxes included in the Acquisition Cost of the Equipment;

(v) any violation, or alleged violation, by Lessee of this Master Leasing Agreement or of any contracts or agreements to which Lessee is a party or by which it is bound, or any laws, rules, regulations, orders, writs, injunctions, decrees, consents, approvals, exemptions, authorizations, licenses and withholdings of objection, of any governmental or public body or authority and all other requirements having the force of law applicable at any time to Equipment or any action or transaction by Lessee with respect thereto or pursuant to this Master Leasing Agreement, including, but not limited to, any costs, expenses or liabilities arising from the violation of any local, state or federal environmental laws or regulations of whatever kind which relate in any way to the use of the Equipment; or

(vi) tort claims of any kind (whether based on strict liability or otherwise) including claims for injury to or death of persons (including Lessee's employees) and for damage to property related directly or indirectly in any way to the ownership, maintenance, use and operation of any Equipment.

(vii) any reclaims, storage charges, mileage allowances, repair costs or any other charges relating to the Railroad Equipment payable to any carrier or railroad company.

(b) Notwithstanding the provisions of Section 9(a), Lessee shall not be obligated to indemnify an Indemnitee under Section 9(a) for any Claim to the extent that such Claim is attributable to: (i) acts, events or circumstances occurring after, and to the extent not attributable to or constituting acts, events or circumstances occurring prior to, the expiration or earlier

termination of the lease with respect to the Equipment; (ii) the gross negligence or willful misconduct of such Indemnitee; (iii) the breach by such Indemnitee of any representations, warranties or covenants; (iv) any Claim resulting from the imposition of any lien solely attributable to an Indemnitee and (v) consequential damages or loss of profit to Lessor arising as a result of any early termination of the lease with respect to the Equipment, provided such early termination was not a result of a Lessee default.

(c) Lessee shall forthwith upon demand reimburse Lessor for any sum or sums expended with respect to any of the foregoing, or shall pay such amounts directly to the claimant upon request from Lessor. Lessee shall be subrogated to Lessor's right in the affected transaction and shall have a right to determine the settlement of claims therein but in the best interests of Lessor, in Lessee's reasonable judgment, and such Indemnitee shall execute such instruments of assignment and conveyance, evidence of claims and payment and such other documents, instruments and agreements as may be reasonably necessary to preserve any such claims and otherwise cooperate with Lessee and give such further assurances as are reasonably necessary or advisable to enable Lessee vigorously to pursue such claims. The foregoing indemnity in this section shall survive the expiration or earlier termination of this Master Leasing Agreement or any lease of Equipment hereunder.

(d) If any claim is made or action commenced against Lessor for death, personal injury or property damage resulting from the ownership, maintenance, use or operation of any Equipment, Lessor shall promptly notify Lessee thereof and forward to Lessee a copy of every demand, notice, summons or other process received in connection therewith. Lessee hereby agrees that it has the right to contest such Claim and shall fully defend and indemnify Lessor and handle all aspects of any such claim or action. Lessee further agrees to keep Lessor reasonably informed as to the progress of any such claim or action. Lessor shall have the right to arrange for its own defense with counsel reasonably acceptable to Lessee against any such claim or action if, in Lessor's reasonable discretion, Lessor believes a separate defense would be in its best interests and not materially adverse to Lessee.

10. Sale or Disposition of Equipment; Adjustment of Rent. (a) After the expiration of one year from the last day of the month in which the lease of any Equipment is effective, if such Equipment, or, all but not less than all of the Railroad Equipment, with respect to the Lessee has become economically or otherwise obsolete or is no longer useful in Lessee's business, and provided that no Event of Default is continuing hereunder, Lessee may arrange for the termination of the lease of such Equipment in the manner and with the consequences hereinafter set forth. Lessee shall deliver written notice to Lessor, signed by an authorized officer of Lessee, identifying the Equipment the lease of which Lessee proposes to terminate, the proposed sale price and the terms of the proposed sale. Such notice shall constitute a certificate of Lessee that such Equipment has become economically or otherwise obsolete or is no longer useful in Lessee's business. After delivery of such notice, Lessee, on behalf of and in cooperation with Lessor, shall proceed directly with negotiating the sale or disposition of all but not less than all of such Equipment to a third party unrelated to Lessor or Lessee and Lessor shall execute and

transmit to Lessee all papers needed to effectuate such sale or disposition, including instruments of conveyance, without representation or warranty except as to the absence of liens solely attributable to Lessor or persons claiming by, through or under Lessor. In arranging such sale or disposition of any Equipment pursuant to this Section 10, Lessee shall act as Lessor's agent and shall use its best efforts to obtain sale proceeds not less than such Equipment's retail fair market value, delivered to a purchaser or purchasers unrelated to Lessee, giving due consideration to whether the Equipment's value is higher as an aggregate, or as two or more lots of equipment. If the parties cannot agree upon such fair market value or values, they shall appoint a qualified independent appraiser to determine the amount and his decision shall be final; and, if the parties are unable to agree on a single qualified independent appraiser, each shall appoint one qualified independent appraiser and the two so appointed shall, if they are unable to agree on the fair market value, jointly name a third. In which event the decisions of a majority of the appraisers as to the fair market value shall be final. All fees and expenses of the appraiser(s) shall be borne by Lessee. If the proposed sale price specified in such notice is less than the Unguaranteed Residual of such Equipment, Lessee shall not proceed to sell the Equipment until it has received the consent of Lessor, which consent shall not be unreasonably withheld.

Lessee shall cause the proceeds of sale of such Equipment to be transmitted promptly to Lessor. The lease of such Equipment and Lessee's obligation to pay Rent shall continue until such proceeds of sale and additional Rent, if any, are received by Lessor, or Lessor's assignee, and shall thereupon terminate. If the net proceeds of sale of such Equipment are less than the Unamortized Value of such Equipment at the time of the termination of the lease of such Equipment hereunder, Lessee shall forthwith pay as additional Rent an amount equal to the deficiency between the Unamortized Value and the sales proceeds, less the Unguaranteed Residual. If the net proceeds of sale of such Equipment are more than the Unamortized Value of such Equipment at the time of the termination of the lease of such Equipment hereunder, Lessor, in consideration of Lessee's agreement hereunder to repair, maintain and insure the Equipment, shall as an adjustment of Rent forthwith pay to Lessee or, at the option of Lessee, credit Lessee's account in an amount equal to the difference between said net proceeds of sale and said Unamortized Value. If for any month funds are payable by Lessor to Lessee under this Section, the amount so payable may, notwithstanding Section 2(b), be deducted by Lessee from funds payable during the same month by Lessee for Rent of Equipment.

Notwithstanding the foregoing, if the sale proceeds of any unit of Equipment are less than the Unamortized Value of such Equipment but equal to or greater than the Unguaranteed Residual of such Equipment, Lessee shall at the same time pay Lessor a sum equal to the difference between the amount of the sale proceeds (which proceeds for purposes of determining Lessee's liability may be reduced due to prior or subsequent sales of other units of Equipment as hereinafter described) and the Unamortized Value. If the sale proceeds of any unit of Equipment plus Contingent Rent are less than the Unguaranteed Residual of such Equipment Lessee shall at the same time pay Lessor a sum equal to the Unamortized Value of such Equipment less the Unguaranteed Residual of such Equipment. In the event a deficiency arises because Lessor does not receive the Unguaranteed Residual, to the extent that in any prior or subsequent sale of any

unit of Equipment, sale proceeds were received or will be received in excess of the Unguaranteed Residual, such excess sale proceeds shall be paid to Lessor, with respect to future sales, upon the sale of any unit of Equipment, and with respect to prior Equipment sales resulting in excess proceeds, at the time the deficiency arises. Any sale proceeds of Equipment in excess of the Unamortized Value of the Equipment after the expiration of the lease terms of all Equipment will be for the account of Lessee.

The term "sale proceeds" for purposes of the Master Leasing Agreement shall mean the gross purchase price paid by the purchaser, without charge or reduction in any manner on account of any costs or expenses of sale, removal, transportation, repair, storage, delivery or similar costs or expenses, and all of such costs and expenses (if any) shall be borne by Lessee.

(b) If Lessee shall, pursuant to the provisions of this Master Leasing Agreement, exercise the option to purchase any Equipment at its fair market value, such purchase shall be treated as a sale of such Equipment under Subsection 10(a) above (including the last sentence of the penultimate paragraph of Section 10(a)).

11. Loss or Destruction of the Equipment. Lessee hereby assumes all risks of loss or damage to the Equipment howsoever the same may be caused. Lessee shall notify Lessor immediately of any loss or of any damage to any Equipment in an amount in excess of \$1,000,000 and shall keep Lessor informed of all developments and correspondence regarding insurance rights and other rights and material liabilities arising out of the loss or damage. All insurance proceeds with respect to a covered loss (i) will be adjusted with the Lessee and (ii) shall be payable only to the Lessee for covered loss events less than \$1,000,000, provided no Event of Default shall have occurred and be continuing. In the event of total destruction of any of the Equipment or damage beyond repair or the commandeering, conversion or other such loss of any of the Equipment, or if the use thereof by Lessee in its regular course of business is prevented by the act of any third person or persons, or any governmental instrumentality, for a period exceeding ninety (90) days, or if any of the Equipment is attached (other than on a claim against Lessor but not Lessee) or is seriously damaged and the attachment is not removed or the Equipment not repaired, as the case may be, in a period of ninety (90) days, then in any such event:

(a) Lessee shall promptly notify Lessor in writing of such fact;

(b) Within ten (10) business days thereafter Lessee shall either arrange for and effect a sale of such Equipment pursuant to the provisions of Section 10 or purchase such Equipment pursuant to Section 10(b) for the greater of its then fair market value or its then Unamortized Value and pay such amounts to Lessor, or Lessor's assignee (subject to the last sentence of the penultimate paragraph of Section 10(a));

(c) The lease of such Equipment shall continue until such payment has been received by Lessor, or Lessor's assignee, and shall thereupon terminate; and

(d) Upon such payment all of Lessor's title to and rights in such Equipment and any insurance thereon shall automatically pass to Lessee or its designee without representation or warranty other than the absence of liens attributable to Lessor or persons claiming by, through or under Lessor.

Provided, however, Lessee may instead, with Lessor's prewritten approval, replace such Equipment with Equipment of the same use and value and useful life.

12. Surrender of Equipment. Upon the final termination of the lease as to any Equipment (other than a termination as provided for in Sections 10, 11, 14, 15, 16, or 17), Lessee shall surrender such Equipment to Lessor at Lessee's property where the Equipment is then located or at such other place as may be agreed upon. Following such surrender, Lessor, or Lessor's agent, shall effect a sale of such Equipment to a third party. The sales proceeds from any such sale shall be treated in the same manner as the sale proceeds from a sale made pursuant to the terms and provisions of Section 10 hereof. Lessee shall cooperate with Lessor in effecting removal of the Equipment from Lessee's property. Lessee shall pay Lessor any amount by which the cost of removing and disposing of any Equipment exceeds the salvage value of the Equipment.

13. Events of Default. The following events of default by Lessee ("Events of Default") shall give rise to rights on the part of Lessor described in Section 14:

(a) Default in the payment of Rent, Interim Rent or any other payment due from Lessee hereunder beyond the date such payment is due and such failure shall continue unremedied for ten days after notice by Lessor to Lessee that such amounts are due and payable; or

(b) Default in the covenant of Lessee in Section 8 hereof as to non-use of any Equipment as to which the required liability insurance is not in force; or

(c) Default in any material respect in the payment or performance of any other liability, obligation, or covenant, condition or agreement to be performed or observed by Lessee hereunder or breaches in any material respect of any representation or provision contained herein or in any other document furnished to Lessor in connection herewith, and such failure or breach shall continue unremedied for thirty (30) days after written notice to Lessee sent by registered or certified mail by Lessor; or

(d) The termination of existence, the termination of the business of, or the making of an assignment for the benefit of creditors by, Lessee; or

(e) The institution of bankruptcy, reorganization, liquidation or receivership proceedings by or against Lessee and, if instituted against Lessee, its consent thereto or the

pendency of such proceedings for at least ninety (90) days; or

(f) Lessee shall admit in writing its inability to pay its debts generally when due; or

(g) Lessee shall create, incur, assume or suffer to exist any mortgage, lien, pledge or other encumbrance or attachment of any kind whatsoever upon, affecting or with respect to the Equipment or this Master Leasing Agreement or any of Lessor's interests hereunder, other than Permitted Liens; or

(h) Lessee shall enter into any transaction of merger or consolidation or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution); provided that a person may be merged or consolidated with or merged into Lessee so long as (a) the Lessee shall be the continuing or surviving corporation and (b) immediately before and after such merger or consolidation there does not exist a default or Event of Default.

Lessee shall be obligated to provide Lessor with written notice of any Event of Default and of any event which, with notice, or the lapse of time, or both, would constitute an Event of Default promptly upon Lessee becoming aware of any such event.

14. Rights of Lessor upon Default of Lessee. Upon the occurrence of any of the Events of Default described in Section 13 and at any time thereafter during the continuance of such Event of Default Lessor may, subject to Lessee's right to purchase pursuant to Section 17, with or without terminating the Master Leasing Agreement, in its discretion do one or more of the following:

(a) Terminate the lease of any or all Equipment upon five (5) days' written notice to Lessee sent by certified mail;

(b) Whether or not any lease is terminated, take immediate possession of any or all of the Equipment, including substituted parts, accessories or equipment and/or other equipment or property of Lessor in the possession of Lessee, wherever situated and for such purpose, to the extent permitted by applicable law, enter upon any premises without liability for doing so;

(c) Whether or not any action has been taken under Subsections 14 (a) or (b) above, Lessor may sell any Equipment (with or without the concurrence or request of Lessee) and Lessor shall retain all proceeds from such sale (up to the Unamortized Value of the Equipment, plus any Rent and other sums due and owing hereunder, plus any reasonable expenses incurred by Lessor in connection with the Lessee's Event of Default). In addition, if the sales proceeds (reduced by any legal costs or any costs or expenses of sale, removal, transportation, repair, storage, delivery, or similar costs and expenses) are less than the Unamortized Value of the Equipment sold, Lessee shall pay to Lessor any such shortfall;

(d) Hold, use or lease any Equipment as Lessor in its sole discretion may decide, and

continue to hold Lessee liable for any deficiency between the rent received by Lessor from others and the Rent and Interim Rent payable hereunder for the balance of the term of the lease of such Equipment (but not in the aggregate, in excess of the Unamortized Value plus any other sums due and owing hereunder plus any expenses incurred by Lessor in connection with the Lessee's Event of Default).;

(e) Invoke and exercise any other remedy or remedies available to Lessor by law or in equity.

No remedy referred to in this Section is intended to be exclusive, but shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity. No express or implied waiver by Lessor of any default shall constitute a waiver of any other default by Lessee or a waiver of any of Lessor's rights.

If after default Lessee fails to deliver or converts the Equipment or the Equipment is destroyed, Lessee shall be liable to Lessor for all due and unpaid Rent and Interim Rent to the date of such failure to deliver, conversion or destruction of such Equipment plus its Unamortized Value at the time and all loss and damages sustained and all costs and expenses incurred by reason of the default. If after default Lessee delivers Equipment to Lessor or if Lessor repossesses Equipment, Lessee shall be liable for and Lessor may recover from Lessee all due and unpaid Rent and Interim Rent to the date of such delivery or repossession plus all loss and damages sustained and all costs and expenses incurred by reason of the default. Reasonably promptly after taking possession of the Equipment by Lessor by delivery or repossession, Lessee shall use its best efforts to sell the Equipment (in accordance with Section 12).

15. Equipment To Be and Remain Personal Property. It is the intention and understanding of both Lessor and Lessee that all Equipment shall be and at all times remain personal property. Lessee will obtain and record such instruments and take such steps as may be necessary to prevent any person from acquiring any rights in the Equipment paramount to the rights of Lessor, by reason of such Equipment being deemed to be real property. If, notwithstanding the intention of the parties and the provisions of this Section 15, any person acquires or claims to have acquired any rights in any Equipment paramount to the rights of Lessor, by reason of such Equipment being deemed to be real property, and such person seeks in any manner to interfere with the continued quiet enjoyment of the Equipment by Lessee as contemplated by this Master Leasing Agreement, then Lessee shall promptly notify Lessor in writing of such fact (unless the basis for such interference is waived or eliminated to the satisfaction of Lessor within a period of ninety (90) days from the date it is asserted) and Lessee shall within ninety (90) days after such notice pay to Lessor or Lessor's assignee an amount equal to the Unamortized Value of such Equipment at the time of payment. The lease of the Equipment shall continue until such payment has been received and shall thereupon terminate; and upon such payment all of Lessor's title to and rights in such Equipment shall automatically pass to Lessee or its designee.

16. Termination. Either Lessor or Lessee may terminate this Master Leasing Agreement at any time with respect to any equipment not yet leased hereunder effective upon the delivery of notice in writing to the other party of such termination; provided, however, neither such notice nor termination shall affect any transactions entered into or rights created or obligations incurred prior to such termination. In the event of any such termination, Lessee shall arrange for and effect not later than one (1) year from the termination date or upon the expiration of the Basic Term, whichever occurs first, a termination of the lease of all Equipment hereunder and a sale of all Equipment in the manner and with the consequences as provided in Section 10 hereof; provided that if Lessor terminates this Master Leasing Agreement under this Section 16, Lessee shall have the option to purchase the Equipment for its then Unamortized Value. Notwithstanding the provisions of Section 4 hereof, the lease term for all Equipment, the lease of which is terminated under this Section, from the date that notice of termination is given to either party hereof, amortization of all Equipment shall cease and Lessee shall be obligated to pay interest only on the Unamortized Value of all Equipment, which amount shall equal Interim Rent and such obligation to pay Interim Rent amounts shall continue until Lessor receives the proceeds or the purchase price of sale of such Equipment.

17. Purchase of Equipment; Extended Term. (a) After the expiration of the Basic Term of any Equipment leased hereunder, and provided that Lessee is not in default hereunder, Lessee may purchase all but not less than all of such Equipment for the greater of its then fair market value or its then Unamortized Value (subject to the last sentence of the penultimate paragraph of Section 10(a)). The lease of such Equipment and Lessee's obligation to pay Rent therefor shall continue until the purchase price, any due and unpaid Rent and any other amounts due hereunder with respect to such Equipment have been transmitted to Lessor and shall thereupon terminate. If the parties cannot agree on the fair market value of any such Equipment, they shall follow the appraisal procedures provided in Section 1(e)(1).

(b) Upon expiration of the Basic Term for the Railroad Equipment leased hereunder, and provided that an event of default has not occurred and is continuing, Lessee may extend the term of this Master Leasing Agreement for such Equipment for up to one (1) additional three-year period and two (2) additional five-year periods (the "Extended Terms"). Prior to the commencement date of each such Extended Term, Lessor and Lessee shall have the right to review the Monthly Amortization Figure applicable to such Extended Term. Upon such review, either Lessor or Lessee may request the other party to agree to amend the amount of the Monthly Amortization Figure for the next Extended Term based upon existing market conditions. The requesting party shall provide a notice to the non-requesting party of such proposed amendment no earlier than one hundred eighty (180) days and no later than ninety (90) days prior to the commencement of the next Extended Term. If no mutual agreement can be reached with respect to the amount of the Monthly Amortization Figure prior to the expiration of the Basic Term or the then applicable Extended Term, Lessee shall be required to purchase all Railroad Equipment pursuant to the provisions of Section 17(a) upon the expiration of the Basic Term or the then applicable Extended Term. If no request to amend the Monthly Amortization Figure is received by either party hereto and no notice has been provided to Lessor by Lessee of Lessee's decision

either to purchase the Equipment pursuant to Section 17(a) or to sell such Equipment to an unrelated third party pursuant to Section 10 at least ninety (90) days prior to the commencement of the next Extended Term, this Master Leasing Agreement shall automatically be extended for such additional Extended Term and the Monthly Amortization Figure for such Extended Term shall be equal to the amount set forth for such Term in Schedule A hereto. If the lease term of any Railroad Equipment is extended pursuant to this Subsection 17(b), the lease term of all Railroad Equipment and all related equipment shall be extended.

(c) If for any reason a sale of less than all Equipment occurs prior to the end of the Basic Term, such sale shall be treated as a casualty governed by Section 11 hereof with respect to all such affected Equipment, and Lessee shall be liable for payment of the amounts described in Subsection 11(b) with respect to such Equipment.

18. Finance Lease Status. The parties agree that this lease and each Individual Leasing Record hereunder is a "Finance Lease" as defined by the UCC. Lessee acknowledges that Lessee has reviewed and approved any written "Supply Contract," (as such term is defined in the UCC), covering the Equipment purchased from the "Supplier" (as such term is defined in the UCC) thereof for lease to Lessee. Lessee also acknowledges the following:

- (a) Lessor has not selected, manufactured, or supplied the Equipment;
- (b) Lessor acquired or will acquire the Equipment or the right to possession and use of the Equipment in connection with the Individual Leasing Record; and
- (c) Lessor provides no warranties or other rights with respect to the purchase of the Equipment (other than as to the absence of liens solely attributable to Lessor or any person claiming by, through or under Lessor) and any and all rights Lessee has with respect to the purchase of the Equipment are solely against Supplier.

19. Tax Treatment. For purposes of federal, foreign, state and local income taxes, the parties hereto intend that the Lease be treated as a financing arrangement. All available MACRS benefits are to be claimed by the Lessee. The Lessor and the Lessee agree that neither they or any of their affiliates will take any action or file any return or document inconsistent with this intended tax treatment. The Lessee will file such returns, maintain such records, take such actions and execute such documents as may be appropriate to facilitate the realization of such intended tax treatment.

20. DISCLAIMER OF WARRANTIES. AS BETWEEN LESSOR AND LESSEE ONLY, LESSEE AGREES AND ACKNOWLEDGES THAT ACCEPTANCE OF THE EQUIPMENT FOR LEASE SHALL CONSTITUTE LESSEE'S ACKNOWLEDGEMENT AND AGREEMENT THAT LESSEE HAS FULLY INSPECTED SUCH EQUIPMENT, AND THAT THE EQUIPMENT IS IN GOOD ORDER AND CONDITION AND IS OF THE MANUFACTURE, DESIGN, SPECIFICATIONS AND CAPACITY SELECTED BY LESSEE,

THAT LESSEE IS SATISFIED THAT THE SAME IS SUITABLE FOR ITS PURPOSE. THAT LESSOR IS NOT ENGAGED IN THE SALE OR DISTRIBUTION OF EQUIPMENT, THAT LESSOR HAS NOT SELECTED, MANUFACTURED OR SUPPLIED SUCH EQUIPMENT, THAT LESSOR HAS PURCHASED THE EQUIPMENT FROM VENDORS OF LESSEE'S CHOICE, AND THAT LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE ANY REPRESENTATION, EXPRESS WARRANTY, IMPLIED WARRANTY, OR COVENANT WHATSOEVER WITH RESPECT TO TITLE, MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, SUITABILITY, OPERATION OR FITNESS OF THE EQUIPMENT IN ANY RESPECT OR IN CONNECTION WITH, OR FOR ANY PURPOSE OR USE OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO (OTHER THAN THE ABSENCE OF LIENS SOLELY ATTRIBUTABLE TO LESSOR OR ANY PERSON CLAIMING BY, THROUGH OR UNDER LESSOR). Lessor shall, at Lessee's sole expense take all action reasonably requested by Lessee to make available to Lessee any rights of Lessor under any express or implied warranties of any manufacturer or vendor of the Equipment. The Lessee acknowledges and agrees that neither the manufacturer, the supplier, nor any salesman, representative or other agent of the manufacturer or supplier, is an agent of Lessor. No salesman, representative or agent of the manufacturer or supplier is authorized to waive or alter any term or condition of this Lease and no representation as to the Equipment or any other matter by the manufacturer or supplier shall in any way affect Lessee's duty to pay Rent and perform its other obligations as set forth in this Lease.

21. Assignment by Lessor. LESSEE ACKNOWLEDGES NOTICE THAT LESSOR MAY, IN CONNECTION WITH FINANCING ITS ACQUISITION AND OWNERSHIP OF SOME OR ALL OF THE EQUIPMENT, GRANT PARTICIPATIONS OR SECURITY INTERESTS IN OR SELL OR ASSIGN ITS INTERESTS IN SUCH EQUIPMENT, THIS MASTER LEASING AGREEMENT OR ANY RENT, INTERIM RENT OR OTHER AMOUNTS DUE HEREUNDER. For all such transfers, except transfer or assignment to special purpose entities created in connection with Lessor's commercial paper securitization conduits (whether now existing or hereafter created), Lessor shall first notify Lessee of its intent to transfer or assign such Equipment or portion of this Lease and the name of its intended transferee or assignee (the "Proposed Transferee"). Upon receipt of such notice, Lessee shall promptly (but in any event within five (5) Business Days of its receipt of such notice) advise Lessor as to whether Lessee currently has, or is in formalized negotiations to establish, a banking relationship with the Proposed Transferee. Lessor shall not make any assignment or transfer to any such Proposed Transferee without the prior written consent of Lessee, which consent shall not be unreasonably withheld or delayed. Each of Lessor and Lessee acknowledges and agrees that the existence of, or formalized negotiations to establish, a banking relationship with the Proposed Transferee, shall be sufficient grounds for Lessee to withhold its consent. Such assignment or transfer may be either absolute or as security for any obligations of Lessor. Lessee may, no more frequently than quarterly, ask Lessor for a listing of all holders of an interest in this Master Leasing Agreement, the Equipment or any amounts due hereunder. Any instrument executed in connection with such assignment shall contain a provision to the effect that as long as no Event

of Default is continuing hereunder or under any lease executed pursuant hereto, it shall be entitled to uninterrupted use and quiet enjoyment of the Equipment on the terms herein provided. After such assignment the terms and provisions of this Master Leasing Agreement may not be altered, modified or waived without the written consent of such assignee. In connection with such assignment Lessee agrees to execute such documents as Lessor or its assignee may reasonably request, including notices, acknowledgements and financing statements. Lessee agrees to permit Lessor to record this Agreement. Lessee hereby confirms for the benefit of any such assignee that this Master Leasing Agreement cannot be canceled or terminated, except as expressly provided herein and that Lessee's obligation to pay Rent, Interim Rent and any other amounts due hereunder are absolute and unconditional. Upon the written request of such assignee, the Lessee shall make payment of all Rent, Interim Rent and other payments due hereunder with respect to such assignment to the assignee without abatement, deduction or set off. Such payments shall discharge the obligations of the Lessee to the Lessor hereunder to the extent of such payments. Lessee further covenants and agrees that it will not assert against Lessor's assignee any defense, counterclaim or set off due to a breach of warranty or otherwise in any action for Rent, Interim Rent or any other amounts due hereunder or for possession of the Equipment which is brought by Lessor's assignee. The assignment by the Lessor to the assignee of rights hereunder shall not impose on the assignee any of the duties or obligations of the Lessor hereunder, but in all other respects the assignee shall have all the rights of the Lessor hereunder to the extent necessary to realize upon Rent, Interim Rent and other amounts due hereunder and to protect the assignee's security interest in Equipment resulting from such assignment. Lessee acknowledges that any assignment or transfer by Lessor shall not materially change Lessee's duties or obligations under this Lease nor materially increase the burdens or risks imposed on Lessee. Notwithstanding the foregoing, Lessor shall at all times remain primarily obligated to perform its services or Lessor hereunder.

22. Leasing of Components. (a) Lessee may lease components of Equipment, no one of which constitutes a completed unit of Equipment but all of which shall be assembled into a completed unit of Equipment. The completed unit of Equipment and each of the components thereof shall be owned by Lessor and leased to Lessee hereunder. A "Component Individual Leasing Record" shall be executed for each component of Equipment leased hereunder, and each such Component Individual Leasing Record shall be clearly marked by typing "Component" on the form of such Individual Leasing Record. The lease of each component shall be effective from the date of funding of such component and the Component Individual Leasing Record for such component shall be dated as of such date. When delivery is made on one or more components constituting less than a completed unit of Equipment, Lessee shall cause all such delivered components to be assembled into a completed unit of Equipment within six (6) months after the first day of the calendar month following the first of any such deliveries or within such longer period as may be agreed upon in writing by Lessor.

(b) Lessee shall pay Component Interim Rent (as defined below) to Lessor on a monthly basis for all components not yet assembled into a completed unit of Equipment beginning on the date of the applicable Component Individual Leasing Record and continuing to

and including the day before the commencement date of the applicable final Individual Leasing Record. As used herein "Component Interim Rent" shall equal the product of: (i) The aggregate Acquisition Cost of the components, multiplied by (ii) a fraction having a numerator equal to the number of days such components are under lease during such month and a denominator of 360, multiplied by (iii) the Percentage Rental Factor as provided for in paragraph 1(m)(3).

(c) Upon assembly into a completed unit of Equipment, a final Individual Leasing Record shall be executed, the Monthly Amortization Figure and Rent shall be computed, and the lease term shall be deemed to commence for such unit of Equipment as of the date of the final Individual Leasing Record. The final Individual Leasing Record shall be dated as of the first day of the next succeeding month following the date assembly of the components into a completed unit of Equipment was accomplished. The Component Individual Leasing Records for the components of the completed units of Equipment shall automatically and without further act be canceled on the same date the final Individual Leasing Record shall be dated. The Acquisition Cost of the completed unit of Equipment shall be the sum of the Acquisition Costs of the components thereof and all reasonable labor and other expenses incurred in assembling the unit of Equipment, and shall be amortized as provided in Section 1(l).

(d) Notwithstanding the foregoing, the provisions of Section 9 and the first sentence of Section 11 of this Master Leasing Agreement shall apply as between Lessor and Lessee with respect to all components from the time such components are ordered by Lessor pursuant to a request from Lessee or from the time such components are delivered to Lessee, whichever shall first occur.

(e) At the option of Lessee, Interim Rent, Component Interim Rent, may be capitalized and added to the Acquisition Cost of Equipment on the last day of each month; provided, however, if, at any time, the aggregate Acquisition Cost of Equipment plus Interim Rent shall exceed \$3,400,000.00 or such other amount as may be agreed upon by Lessor and Lessee from time to time, Lessor may deliver a notice to Lessee stating that Interim shall no longer be capitalized. Capitalization of Interim Rent shall thereupon cease as of the first day of the month following receipt of such notice. If on or after receipt of such notice the Acquisition Cost shall exceed \$3,400,000.00 or such other amount as may be agreed upon by Lessor and Lessee from time to time, Lessee shall make an additional payment to Lessor on the first day of the month following receipt of such notice equal to such excess. Lessee shall indicate its intention to capitalize Interim Rent by indicating at the top of the appropriate ILR, "Capitalized Interim Rent".

23. Rebuilds. Lessee may, so long as no Event of Default is continuing and prior to the expiration of the lease of any Equipment, rebuild such Equipment if the remaining life thereof is thereby extended, and if such rebuilt Equipment and all components thereof are owned by Lessor and leased to Lessee hereunder. When the rebuilt Equipment is delivered and accepted, a new Individual Leasing Record shall be substituted for the original Individual Leasing Record which shall automatically and without further act be canceled. The new

Individual Leasing Record shall be dated and the original Individual Leasing Record canceled as of the date of such delivery. The cost of such rebuild shall be paid by Lessor and added to the Unamortized Value, if any, of the Equipment at the time the new Individual Leasing Record is substituted, and the sum thereof shall be the Acquisition Cost of the rebuilt Equipment. The maximum number of months over which the Acquisition Cost of the rebuilt Equipment may be amortized shall be determined in accordance with Section 1(l) and as though the rebuilt Equipment were a new unit of Equipment leased on the date the Individual Leasing Record is substituted.

24. Identification Markings and Numbering. As soon as is reasonably possible following delivery of any Railroad Equipment to the Lessee, the Lessee shall cause to be plainly, distinctly, permanently and conspicuously marked, placed or fastened upon each unit of Railroad Equipment the following legend in letters not less than one inch in height:

“PROPERTY OF OWNER AND LESSOR”

and any other legend requested by the Lessor disclosing the interest of any assignee hereunder with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to each unit of Railroad Equipment, its rights under this Master Leasing Agreement and the rights of any assignee hereunder. As soon as is reasonably possible after delivery of any Railroad Equipment to the Lessee, the Lessee shall cause one of its car reporting marks and designated car numbers to be assigned to and marked and/or placed on each side of each unit of Railroad Equipment delivered. At all times after delivery the Lessee will cause each unit of Railroad Equipment to bear on each side thereof the aforesaid legend and the car number so assigned to it. Such car reporting marks and designated car numbers shall not be changed by the Lessee without the prior written consent of Lessor and any assignee of Lessor and any such change shall be in accordance with a statement of new marking numbers to be substituted therefor which statement previously shall have been delivered to the Lessor by the Lessee. Lessee agrees to file all necessary and appropriate documents with the STB and/or any other authority as may be required under Federal, State or local law, rules or regulations with respect to any such change in car reporting marks and designated car numbers. Lessor and Lessee agree that this Master Leasing Agreement and any chattel mortgages executed in connection with the Railroad Equipment shall be filed by Lessor with the STB pursuant to the provisions of Title 49 United States Code, Section 11303.

25. Miscellaneous. (a) THIS AGREEMENT AND ALL RIGHTS HEREUNDER SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

(b) Each of the parties hereto acknowledges that the other party shall not by act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder or under any other instrument given hereunder unless such waiver is given in writing and the same shall be binding to the extent therein provided and only upon the parties signing the same. A waiver on any one occasion shall not be construed as a waiver on any future occasion.

(c) This Master Leasing Agreement shall be binding upon and inure to the benefit of the parties hereto, their permitted successors and assignees.

(d) All rights, remedies and powers granted herein, or in any other instrument given in connection herewith, shall be cumulative and may be exercised singularly or cumulatively.

(e) This Master Leasing Agreement and in the Individual Leasing Records and Component Individual Leasing Records constitute the entire understanding or agreement between Lessor and Lessee and there is no understanding or agreement, oral or written, which is not set forth herein and in the Individual Leasing Records and Component Individual Leasing Records. The Lessee agrees to do such further acts and things and to execute and deliver to the Lessor such additional agreements, powers and instruments as the Lessor may reasonably require or deem reasonably advisable to carry into effect the purposes of this Master Leasing Agreement or to better assure and confirm to the Lessor its rights, powers and remedies under this Master Leasing Agreement.

(f) Notices to Lessee required pursuant to this Master Leasing Agreement shall be delivered to Interstate Power and Light Company at 222 West Washington Avenue, Madison, Wisconsin 53701-0192, Attention: Director of Finance, or at such other location as Lessee may direct in writing. Notices to Lessor required pursuant to this Agreement shall be delivered to BLC Corporation at 450 Mamaroneck Avenue, 4th Floor, Zone 2, Harrison, New York 10528, Attention: Contract Services Department, or at such other location as Lessor may direct in writing.

(g) This Master Leasing Agreement may be executed in two or more counterparts, each of which, when taken together, shall constitute a single agreement binding upon all the parties hereto.

(h) If any provision of this Master Leasing Agreement is in conflict with any statute or rule of law in the jurisdiction where it is sought to be enforced, then such provision shall be deemed null and void to the extent that it may be in conflict therewith, but without invalidating the remaining provisions hereof.

(i) No provisions of the Master Leasing Agreement are to be interpreted for or against any party because that party or that party's legal counsel or representative drafted such provision.

(j) LESSOR AND LESSEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE THE RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS MASTER LEASING AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LESSOR AND LESSEE TO ENTER INTO THIS MASTER

LEASING AGREEMENT.

(k) NO EXECUTORY AGREEMENT SHALL BE EFFECTIVE TO CHANGE, MODIFY OR DISCHARGE, IN WHOLE OR IN PART, THIS MASTER LEASING AGREEMENT, OR ANY OTHER INSTRUMENT GIVEN IN CONNECTION HERewith UNLESS SUCH AGREEMENT IS IN WRITING AND SIGNED BY LESSOR AND LESSEE.

(l) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, UPON PAYMENT BY LESSEE OF THE SUM OF ALL RENT AND INTERIM RENT HEREUNDER AND THE UNAMORTIZED VALUE OF THE EQUIPMENT AND ANY OTHER SUMS DUE AND OWING HEREUNDER, ANY AMOUNTS RECEIVED BY LESSOR IN EXCESS THEREOF, INCLUDING AS A RESULT OF LESSEE PAYING FAIR MARKET VALUE FOR ANY ITEM OF EQUIPMENT UPON THE EXERCISE OF ANY PURCHASE OPTION OR OTHER TERMINATION OF THE LEASE WITH RESPECT TO SUCH ITEM OF EQUIPMENT, SHALL BE FOR THE ACCOUNT OF, AND PROMPTLY REMITTED BY LESSOR TO, LESSEE.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Master Leasing Agreement as of the day and year first above written.

BLC CORPORATION, Lessor

Attest:

By Curt A. Schuchter
Secretary

By Edward Mundy
Vice President

CMS
Counsel

Form Approved

INTERSTATE POWER AND LIGHT
COMPANY, Lessee

Attest:

By Linda J. Monty
Secretary

By William H. Hargy
Title Executive Vice President

ACKNOWLEDGEMENT

STATE OF New York)
COUNTY OF Westchester)

SS:

On February 4, before me, Andrea Rehak, personally appeared Edward Mundy, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument as Vice President and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Andrea L. Rehak
Notary Public

ANDREA L. REHAK
Notary Public, State of New York
No. 01RE6007999
Qualified in Westchester County
Commission Expires June 1, 2002

My Commission Expires: June 1, 2002

ACKNOWLEDGEMENT

STATE OF)
) SS:
COUNTY OF)

On January 23, 2002 before me, F. J. Buri,
personally appeared William D. Harvey, personally known to me
(or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument as Executive Vice President and
acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies),
and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

F. J. Buri
Notary Public

My Commission Expires: 15 permanent

SCHEDULE A
TO THE
MASTER LEASING AGREEMENT
DATED AS OF JANUARY 18, 2002
BETWEEN BLC CORPORATION, AS LESSOR
AND INTERSTATE POWER AND LIGHT COMPANY, AS LESSEE

PERTAINING TO THE RAILROAD EQUIPMENT

<u>Description</u>	<u>Reporting Numbers</u>	<u>Monthly Amortization Percentage</u>	<u>Expected Residual (% of Acquisition Cost)</u>
Sixty (60) 4300 cubic feet capacity Rotary Aluminum Autoflood II railcars, manufactured by Johnson America Corporation	IESX 1246-1305	Basic Term (years 1-7): 0.2738%	After Basic Term: 77%
		1 st Extended Term (years 8-10): 0.2500%	After 1 st Extended Term: 68%
		2 nd Extended Term (years 11-15): 0.2500%	After 2 nd Extended Term: 53%
		3 rd Extended Term (years 16-20): 0.1667%	After 3 rd Extended Term: 43%